United Nations A/58/6 (Sect. 32)*

General Assembly

Distr.: General
8 April 2003

Original: English

Fifty-eighth session

Proposed programme budget for the biennium 2004-2005**

Part X
Jointly financed administrative activities and special expenses

Section 32
Special expenses

Contents

		Page
Overview		2
A.	After-service health insurance	2
B.	Compensatory payments	4
C.	General insurance	4
D.	Bank charges	5
E.	Pension payments to former Secretaries-General	6

* Reissued for technical reasons.

** The approved programme budget will subsequently be issued in final form as *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 6* (A/58/6/Rev.1).

03-27432* (E) 090403

Section 32
Special expenses

Overview

32.1 Under section 32, Special expenses, resources are provided to cover specific expenditure requirements for: (a) after-service health insurance; (b) compensatory payments; (c) general insurance charges; (d) bank charges; and (e) pension payments to former Secretaries-General. Inter-organizational security measures which were formerly included in this section have been moved to section 31, Jointly financed administrative activities, in the light of developments in security arrangements which have resulted in those measures being predominantly jointly financed.

Table 32.1 **Resource requirements by component**

(Thousands of United States dollars)

(1) *Regular budget*

Component	*2000-2001 expenditure*	*2002-2003 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*2004-2005 estimate*
			Amount	*Percentage*			
A. After-service health insurance	44 530.2	58 283.5	996.3	1.7	59 279.8	6 038.1	65 317.9
B. Compensatory payments	1 559.4	1 712.7	(121.7)	(7.1)	1 591.0	67.5	1 658.5
C. General insurance	1 808.1	3 488.0	4 090.0	117.2	7 578.0	2 253.3	9 831.3
D. Bank charges	3 842.9	723.1	(200.0)	(27.6)	523.1	23.2	546.3
E. Pension payments to former Secretaries-General	713.6	890.9	-	-	890.9	39.6	930.5
Total	**52 454.2**	**65 098.2**[a]	**4 764.6**	**7.3**	**69 862.8**	**8 421.7**	**78 284.5**

(2) *Extrabudgetary*

	2000-2001 expenditure	*2002-2003 estimate*	*2004-2005 estimate*
Total	**4 254.8**	**5 578.8**	**7 225.8**
Total (1) and (2)	**56 709.0**	**70 677.0**[a]	**85 510.3**

[a] In this and other tables in the present section, the data represent the 2002-2003 revised appropriation adjusted to reflect a transfer of activities and resources associated with inter-organizational security measures from this section to section 31, Jointly financed administrative activities.

A. After-service health insurance

Resource requirements (before recosting): $59,279,800

32.2 After-service health insurance coverage (for hospitalization and medical and dental expenses) is provided on a shared contribution basis for retired staff members and their dependants in accordance with a decision taken by the General Assembly at its twenty-first session. Coverage is also provided for staff members whose appointment is terminated as a result of disability. In all

cases, coverage is available only to those who are eligible to receive a periodic benefit from the United Nations Joint Staff Pension Fund or under the rules governing compensation for service-incurred death, injury or illness. In accordance with General Assembly resolution 38/235 of 20 December 1983, the maximum cost-sharing ratio is 2 to 1 between the Organization and the participants.

32.3 By its resolution 40/258 A of 18 December 1985, the General Assembly decided to extend after-service health insurance coverage to former locally recruited staff who participated in a medical expense assistance plan under appendix E to the Staff Rules.

32.4 Following retirement, staff members are eligible for subsidized after-service coverage if they have participated in a United Nations system contributory health insurance plan for at least 10 years and are participating in a United Nations plan at the time of retirement. Staff members who, upon retirement, have participated in a United Nations contributory plan for at least 5 years are also eligible, provided that they pay the full premium for the period for which their participation falls short of the 10-year requirement for subsidized participation.

32.5 Since its inception, the after-service health insurance programme has grown in terms of both the number of participants and the related cost. Beginning in 1999, the increase in enrolment has become steady and demonstrated a tendency to accelerate due to the ageing population of the subscribers. The same methodology from previous years has been employed in the preparation of the requirements for the biennium 2004-2005. In view of historical trends and projections based on personnel data, the enrolment figures are expected to rise further as an increasing number of staff reach retirement age. Medical costs, demographic indicators and prescription drug utilization are also on the rise.

Table 32.2 **Resource requirements: after-service health insurance**

	Resources (thousands of United States dollars)		*Posts*	
	2002-2003	*2004-2005 (before recosting)*	*2002-2003*	*2004-2005*
Regular budget				
Non-post	58 283.5	59 279.8	-	-
Total	**58 283.5**	**59 279.8**	-	-
Extrabudgetary	5 578.8	7 225.8	-	-

32.6 The requirements of $59,279,800, including an increase of $996,300, are based on an anticipated annual increase in membership in the insurance programme and in insurance premiums during the biennium 2004-2005. The increase in membership is projected at an annual level of 5.0 per cent on average under the insurance plans administered at Headquarters, at a level of 5.1 per cent on average at Geneva, and a level of 17.5 per cent on average under the insurance plans administered by the United Nations Office at Vienna. The average premium cost per participant varies among different insurance plans and in relation to the costs borne at New York, Geneva and Vienna, but a tendency towards an increase in average costs is clearly demonstrated with respect to all insurance plans, with a somewhat slower pace of increase at Geneva.

B. Compensatory payments

Resource requirements (before recosting): $1,591,000

32.7 The requirements under compensatory payments provide for compensation to members of commissions, committees and other similar United Nations bodies in the event of death, injury or illness attributable to service with the United Nations. The responsibilities of the United Nations in this area, as well as the rules governing compensatory payments, are detailed in Secretary-General's bulletin ST/SGB/103/Rev.1.

32.8 Compensation is also provided for staff members or their dependants in the event of death, injury or illness attributable to the performance by the staff member of official duties on behalf of the United Nations. The compensation is governed by the specific rules under appendix D to the Staff Rules (ST/SGB/Staff Rules/Appendix D/Rev.1).

32.9 The costs incurred on both those accounts may include death annuities, monthly benefits for incapacity resulting from injury or illness, lump-sum indemnities for permanent disabilities and medical, hospital and other related expenses.

Table 32.3 **Resource requirements: compensatory payments**

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005 (before recosting)*	*2002-2003*	*2004-2005*
Regular budget				
Non-post	1 712.7	1 591.0	-	-
Total	**1 712.7**	**1 591.0**	-	-
Extrabudgetary	-	-	-	-

32.10 Resource requirements of $1,591,000, including a decrease of $121,700, are based on expenditure experience over the period 1999 to 2002.

C. General insurance

Resource requirements (before recosting): $7,578,000

32.11 The provisions under general insurance relate mainly to insurance for the buildings and property at United Nations Headquarters, including automobiles and works of art, insurance for aircraft used for travel by the Secretary-General but not owned by the United Nations and insurance for other air travel. In addition, in accordance with General Assembly resolution 41/210 of 11 December 1986, the United Nations has established a self-insurance plan for general liability risk in respect of acts occurring within the Headquarters district in the United States of America.

32.12 Following the events of 11 September 2001, the insurance premiums increased substantially, reflecting progressively tightened insurance market conditions, and they now incorporate limitations on the scope of insurance coverage for risks which would normally have been covered under the general policies. One of those new risks against which the Organization is currently insured is a stand-alone insurance policy for terrorism acts. The cost of this policy is estimated at $4,090,000 for the biennium 2004-2005, based on the terms of the contract recently signed with the insurance provider at Headquarters. Given the above developments, the general insurance costs for

the biennium 2004-2005 have been estimated at $7,578,000, as compared with $1,808,000 in general insurance costs for the United Nations properties administrated by Headquarters in the biennium 2000-2001.

Table 32.4 **Resource requirements: general insurance**

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005 (before recosting)*	*2002-2003*	*2004-2005*
Regular budget				
Non-post	3 488.0	7 578.0	-	-
Total	**3 488.0**	**7 578.0**	-	-
Extrabudgetary	-	-	-	-

D. Bank charges

Resource requirements (before recosting): $523,100

Table 32.5 **Resource requirements: bank charges**

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005 (before recosting)*	*2002-2003*	*2004-2005*
Regular budget				
Non-post	723.1	523.1	-	-
Total	**723.1**	**523.1**	-	-
Extrabudgetary	-	-	-	-

32.13 The requirement of $523,100 relates to transaction costs and other fees for services provided by banks and is based on the estimated volume of banking transactions. These costs are more than offset by interest income earned on cash balances, which are budgeted under income section 2, General income. The decrease of $200,000 in resources reflects the anticipated savings due to United Nations participation in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system effective 2003, which will yield savings in costs associated with formerly paper-based transactions and a change in the arrangements for budgeting the costs associated with the support account for peacekeeping operations, partially offset by an anticipated increase in costs due to increases in the volume of banking transactions.

E. Pension payments to former Secretaries-General

Resource requirements (before recosting): $890,900

Table 32.6 **Resource requirements: pension payments to former Secretaries-General**

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005 (before recosting)*	*2002-2003*	*2004-2005*
Regular budget				
Non-post	890.9	890.9	-	-
Total	**890.9**	**890.9**	-	-
Extrabudgetary	-	-	-	-

32.14 The requirement of $890,900 provides for the retirement allowances of former Secretaries-General, based on the maximum retirement benefit payable as from 1 January 2003. The requirements under this heading are at the maintenance level.